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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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All media led with Morris Talansky's deposition before the Jerusalem District Court yesterday. Yediot bannered: "The ATM's Revenge." Talansky said that over a 14 year period he gave then industry, trade, and labor minister Ehud Olmert \$150,000 in cash, including \$68,000 to help him in the 2002 Likud primary campaign. Talansky

detailed how Olmert asked for all payments to be made in cash and how he would regularly carry small sums -- between three and eight thousand dollars -- to Israel to avoid customs declarations. Besides providing campaign funding, Talansky covered various luxury items for Olmert including first class airline tickets, nights in five star hotels, cigars, watches and even advanced him \$25,000 for a family trip to Italy (reportedly this was never repaid). The media cited the belief of Olmert and his attorneys that Talansky's cross-examination in July will cancel out his "multi-holed" deposition.

Last night Israel TV, echoed by most media, reported that Labor leader Ehud Barak was considering calling on the PM to suspend himself from office or resign. This morning Israel Radio reported that last night Barak met with his associate and experienced advertiser Reuven Adler to discuss the possible formation of a Likud-Labor national emergency government without Kadima. Maariv wrote that a Barak-Livni-Dichter post-Olmert alliance is shaping up behind the scenes.

The Jerusalem Post quoted defense officials as saying yesterday that a prisoner exchange between Israel and Hizbullah is still far from being settled. However, a Lebanese parliamentarian told the newspaper that the new political and regional climate makes the time ripe for a prisoner exchange. Major media reported that Israel will release convicted Hizbullah spy Nasim Nisr from administrative detention and return him to Lebanon on Sunday, as an unofficial first step in a prisoner swap. Israel has not formally said that Nasser's release is part of the deal. Nisr, a Lebanese citizen reportedly born to a Shi'ite Muslim father and Jewish mother, was sentenced in 2002 to six years in prison for spying for Hizbullah. He finished serving his sentence early this year, but he was subsequently held in administrative detention, apparently so that he could be used as a bargaining chip in a deal for the release of abducted IDF soldiers Eldad Regev and Ehud Goldwasser. Ha'aretz quoted Lebanese and Arab media as saying that Hizbullah may present a document detailing its unsuccessful efforts to locate Israeli MIA Ron Arad. Ha'aretz quoted the Lebanese media as saying that Israel has given up its demand to receive information regarding Arad's fate.

Ha'aretz reported that the Palestinians are proposing that a multinational force under U.S. command be deployed in the future Palestinian state, to monitor the implementation of any peace agreement reached with Israel. Meanwhile, the diplomatic-security cabinet is slated to meet this morning to discuss which Israeli security interests must be guaranteed in the framework of a final-status agreement with the PA. The meeting will be the first of its kind since the Annapolis conference.

Ha'aretz reported that Hamas is preparing a revised list of prisoners that it wants Israel to release, in a bid to reach a deal on freeing Gilad Shalit, as well as an agreement on a cease-fire and the reopening of the Rafah crossing between Egypt and Gaza. The list of prisoners will be sent to Israel for review via Egyptian mediators. Ha'aretz quoted Israeli officials as saying that the new list has yet to reach Israel. The Jerusalem Post quoted a senior Hamas official in Gaza as saying yesterday that Hamas is demanding the release of 1,000 Palestinian prisoners in exchange for Shalit. Ha'aretz quoted Egyptian officials as saying that Hamas insists on a fundamental separation between the Shalit deal and the cease-fire, but that it realizes that Shalit must be released if Israel is to agree to a truce or the reopening of the crossing. For this reason, Hamas is expected to accede to Egyptian pressure and agree to a package deal, in which the agreements on Shalit's release and the truce would be concluded simultaneously, but neither one would be conditioned on the other.

Major media reported that yesterday Syria and Iran signed a military MoU. Ha'aretz reported that Israeli sources told the newspaper this week that Iran may try to go forward with plans to attack Israeli targets abroad, in a bid to thwart Israeli-Syrian negotiations. The newspaper quoted the sources as saying that according to the Iranian logic, such an assault might change Israel's position, stop the contacts, and even start a regional conflict. However, the sources were quoted as saying that other Iranian interests preclude such attacks. Ha'aretz described the White House's involvement in the "black channel" between Israel and Syria. The newspaper quoted

incoming CENTCOM commander Gen. David Petraeus as saying at a Congressional hearing last week that Syrian-Israeli peace can be encouraged by defeating the Syrian-backed extremist groups and by stopping the anti-American propaganda spread in the region by the Syrian regime.

The Jerusalem Post quoted diplomatic officials as saying that in recent days, a number of meetings have been held in the Foreign Ministry with the aim of developing a strategy to prevent meetings between European and Hizbullah ministers. The newspaper quoted an Israeli official as saying as saying that Israel's concern was the legitimization of Hizbullah through high-profile political meetings.

The Jerusalem Post reported that a group of bipartisan U.S. Congressmen is urging reform in UNRWA, the UN body that deals exclusively with Palestinian refugees and their descendants, and calling for alternative solutions to the containment of refugees in squalid camps.

The electronic media reported that an IDF soldier was lightly wounded this morning in an operation in the southern Gaza Strip, west of the Sufa crossing. IDF troops have been operating in that area since last night. The IAF attacked a Palestinian mortar crew that fired shells from the southern Gaza Strip into Israel. Pilots reported that the mortar crew was hit. The mortar shells exploded in open ground in the western Negev. No one was hurt and there was no damage.

Leading media reported that dozens of Jewish teenagers assaulted two Arab teens near a mall in Jerusalem's Pisgat Ze'ev neighborhood in an unprovoked attack on the eve of Holocaust Memorial Day -- April 130. Footage of the attack from the mall's security cameras was broadcast on all TV stations yesterday. An indictment was filed two weeks ago against 11 teenage suspects, eight of them minors. The boys allegedly responded to an ICQ message calling on those with "Jewish blood" to "put an end to all the Arabs hanging around" Pisgat Ze'ev. Commentators noted that only religious Jewish youth took part in the "lynching" or "pogrom."

Yediot reported that the Jewish Agency's South African branch has published maps of Israel without the Golan and on which the West Bank is marked as "Palestine." Faced with anger from the Right, the Jewish Agency characterized the incident as human error. Yediot printed a shortlist of candidates for ambassador to the UN for FM Tzipi Livni's review: Dalia Rabin (the late PM Yitzhak Rabin's daughter), former IDF spokesman Nahman Shai, former consul-general in New York Alon Pinkas, former Shin Bet head Yaacov Perry, and Yossi Gal, Deputy Director General of the Foreign Ministry. Pinkas is preferred by Olmert, President Shimon Peres, Knesset Speaker Dalia Itzik, and opposition figures.

Ha'aretz and The Jerusalem Post reported that the Civil Administration's appeals committee upheld eviction orders yesterday against two stores in Hebron occupied by Jewish settlers two years ago. In the interim, the settlers and Yosef Ezra -- heir to the original pre-1948 owners -- will have an opportunity to apply to the state for rights to the property.

Makor Rishon-Hatzofe reported on record Q1 sales by Israel Aerospace Industries (IAI) -- over 1 billion dollars.

Ha'aretz quoted cabinet ministers as saying that the looming water crisis endangers the local food supply. Other media addressed different aspects of the crisis.

All media reported that the U.S. dollar tumbled against the shekel yesterday, after the Bank of Israel lowered Israeli interest rates by a quarter-percent to 3.5% the night before. The dollar weakened by 1.44% to 3.285 shekels in the immediate aftermath of the rate cut.

The Jerusalem Post cited the results of a Keevon Research, Strategy & Communications poll held May 13-15 among Israelis:

Fifty-seven percent prefer Sen. Hillary Clinton over Sen. John McCain in November if Clinton ends up as the Democratic nominee. Only 18% preferred McCain in that race. Twenty-five percent were

undecided. If Sen. Barack Obama gets the Democratic nod, then Israelis prefer McCain by a wide margin, with 43% saying they would prefer McCain in that race, 20% supporting Obama, and fully 37% undecided.

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Mideast:  
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Summary:  
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The independent, left-leaning Ha'aretz editorialized: "If Olmert insists on continuing to retain his position at the government's helm, he is obliged to appear before the public, without delay, and present his version of the facts."

Liberal columnist and anchor Ofer Shelach wrote in the popular, pluralist Maariv: "Morris Talansky, a Diaspora Jew who merely wanted to bask a little in the warmth of his state across the sea, revealed our nakedness yesterday -- and that is much more important than the futureless political life of Ehud Olmert."

Columnist and former IDF Intelligence chief Shlomo Gazit wrote in the popular, pluralist Maariv: "There is of course justification for the argument that in a military confrontation with Syria, there is a significant advantage to having the IDF deployed on the Golan.... [But] the continued presence in the Golan ensures with certainty a military confrontation in the foreseeable future."

Senior military affairs analyst Reuven Pedatzur wrote in Ha'aretz: "What is truly important is the fact that a former U.S. president has exposed Israel as a nuclear power.... However, the more important ramification of Carter's statement is the reinforcement of Israel's deterrent image."

Block Quotes:  
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#### I. "Explain or Resign"

The independent, left-leaning Ha'aretz editorialized (5/28): "The behavior attributed to Olmert by Talansky is intolerable, and cannot represent the Israeli public, which is frequently called upon by its leaders to make economic and social sacrifices. Talansky's testimony reveals systematic and prolonged defilement and corruption. If his allegations do not prove false, then Olmert demanded favors -- a night in a luxury hotel, or a flight -- whose price is enough to support an Israeli family for an entire month. This was all done in a manner that was not only ostentatious, but also that of a beggar, seeking dollar after dollar from American Jews who responded to him and were impressed by his high status. In 2000, Ezer Weizman was forced to retire from the presidency because Elyakim Rubinstein, then the attorney general, stated that taking money from ... friends ... constituted a substantial ethical violation. And the Olmert case is more serious than the Weizman case. It is inconceivable that Olmert should continue to enjoy the best of both worlds while the police investigation and the prosecution's preparations for a decision on the case enter a second or third month. If Olmert insists on continuing to retain his position at the government's helm, he is obliged to appear before the public, without delay, and present his version of the facts."

#### II. "Our Leader"

Liberal columnist and anchor Ofer Shelach wrote in the popular, pluralist Maariv (5/28): "There is not a single citizen whose ears did not turn red after hearing Talansky's testimony. More than exposing the nakedness of one Ehud Olmert, who by a historical accident became prime minister of Israel, Talansky testified about us: The leaders we choose, the fact that we pay only lip service to the war on corruption, even about the way we perceive our lives here.... Only in a place where there is nothing that is unthinkable, where the public does not punish for unthinkable acts, can a

minister and mayor dare ask -- demand -- that his bills be paid, his airline class be upgraded, and he and his wife travel to Italy at the expense of a stranger and in cash. And don't pin this on Olmert alone. If he goes, who will stand before us with clean hands? Benjamin Netanyahu, who holds the laundry bills from [London's] Connaught Hotel? Ehud Barak? Shimon Peres?.... We humiliated the morally upright Amram Mitzna in favor of Ariel Sharon, compared to whom Olmert is only a child in corruption.... Until the day we elect a morally upright person, until the day we choose a worthy person and shunt aside the ranks of the past and the intimidation of the present, that is what we will get. Morris Talansky, a Diaspora Jew who merely wanted to bask a little in the warmth of his state across the sea, revealed our nakedness yesterday -- and that is much more important than the futureless political life of Ehud Olmert."

### III. "Suddenly It's Not Legal"

Columnist and former IDF Intelligence chief Shlomo Gazit wrote in the popular, pluralist Maariv (5/28): "We will not enter into the question of the media spin that either was or wasn't carried out by the Prime Minister. But the arguments against the agreement should be examined. We will start with the argument of the unlawfulness and immorality of an evacuation: Such a decision would only be made after the people have spoken their piece. However, we should recall how the reality on the Golan was created. Contrary to the cabinet

resolution of June 1967, creeping settlement activity began shortly afterwards on the Golan. At the time, no one brought before the people the decision on the initiative, which was aimed at creating a new reality. No one argued that this was an illegal step with far-reaching political consequences. No one argued that we were toying with the fate of innocent people, who were called upon to settle in the Golan and placed their future in jeopardy. In 1981, Menachem Begin submitted a draft resolution for applying Israeli sovereignty to the Golan, which was passed without being brought before the people for approval. From here we move on to the second argument, the security danger inherent in the withdrawal. There is of course justification for the argument that in a military confrontation with Syria, there is a significant advantage to having the IDF deployed on the Golan. This argument, however, disregards a few important facts: The continued presence in the Golan ensures with certainty a military confrontation in the foreseeable future. We know that Syria is preparing for this option by means of a missile array that covers all of Israel's territory. The secret installation that was bombed in September was apparently intended for this purpose. Damascus is also conducting a policy of shedding Israeli blood by proxy -- Hizbullah in Lebanon and the Palestinian terror organizations. The war two years ago would not have been possible had there been peace with Syria. And finally, Israel's goal is not a tahdiya [truce], but a strategic peace with Damascus."

### IV. "Chill Wind from Damascus"

Columnist Calev Ben-David wrote in the conservative, independent Jerusalem Post (5/28): "There is understandable general skepticism that the gaps between Israel and Syria, and the respective political strengths of their two leaders, made this round of talks a non-starter from the get-go. Even if true, these discussions could at least help lay a new foundation for future negotiations when circumstances are more in favor of Jerusalem making a deal. There's no way, though, the two sides will start talking turkey, if the chill wind from Syria doesn't ease off, and the tone of the upcoming discussions in Turkey are not at least a few degrees warmer than they were at Madrid or Shepherdstown."

### V. "Nuclear Exposure on the Welsh River of Wye"

Senior military affairs analyst Reuven Pedatzur wrote in Ha'aretz (5/28): "One cannot exaggerate the importance of former American president [Jimmy Carter]'s statement that Israel has 150 nuclear bombs. More than all the estimates and leaks about the Israeli nuclear program over the past five decades, Carter's comments on Sunday give official cachet to Israel's status as a nuclear power.... Every American president since [1969], and every senior administration official who knew the details of the Israeli nuclear program, kept silent and effectively adopted Israel's official policy: that it would not be the first to introduce nuclear weapons

into the Middle East. Now Carter comes along and changes the rules of the game. After all, he doesn't need to rely on foreign sources or unproven conjecture. When he served as president, he knew exactly what Israel had in its storehouses. Jimmy Carter is not guessing or estimating. He knows.... [It can be reckoned that] Israel has built an estimated 150 more bombs since 1981, putting the size of Israel's nuclear arsenal at some 300 bombs. But this is merely an intellectual exercise. What is truly important is the fact that a former U.S. president has exposed Israel as a nuclear power. One can assume that Iran will now be able to make use of Carter's comments in order to point to the double standard of the Western world, which is prepared to accept a nuclear Israel but makes a great effort to prevent Iran from going nuclear. However, the more important ramification of Carter's statement is the reinforcement of Israel's deterrent image. In the future, if Iran does acquire nuclear weapons, this image will be of critical importance in the process of developing mutual deterrence."

JONES